IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF WEST VIRGINIA

* *

ARNOLD K. RICHARDS and
MARY L. RICHARDS, his wife,
Plaintiffs,

vs. CIVIL ACTION NO. 1:17-CV-50-IMK

EQT PRODUCTION COMPANY,
a Pennsylvania Corporation,

Defendant.

* *

Deposition of JOHN BERGONZI taken by the Plaintiffs under the West Virginia Rules of Civil Procedure in the above-entitled action, pursuant to notice, before David A. Absher, a Notary Public, at Hampton Inn & Suites, 474 Johnson Road, Washington, Pennsylvania 15301, on the 30th day of November, 2017.

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APPEARANCES:

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P R O C E E D I N G S

THE VIDEOGRAPHER: The time is 2:14 P.M. We are now on the record. This is the video deposition of John Bergonzi taken in the Matter of Arnold Richards and Mary Richards versus EQT Production Company, Case No. 1:17-CV-0 -- 50-IMK, held Washington, Pennsylvania, taken on this 30th day of November, 2017.

My name is Justin Ebeling. I'm the legal video specialist. The court reporter is David Absher. We are associated with Realtime Reporters.

Will counsel please introduce themselves and whom they represent?

MR. WINDOM: Scott Windom representing the plaintiffs.

MR. HENDRICKSON: David Hendrickson on behalf of EQT.

THE VIDEOGRAPHER: Will the court reporter please swear in the witness?

J O H N B E R G O N Z I

was called as a witness by the Plaintiffs, pursuant to notice, and having been first duly sworn, testified as follows:

EXAMINATION

BY MR. WINDOM:

Q. Will you please state your full name for the record?

A. Sure. It's John, J-O-H-N, Bergonzi, B-E-R-G-O-N-Z-I.

Q. And Mr. Bergonzi, my name is Scott Windom. I'm a lawyer from West Virginia, and I represent the plaintiffs in this Case, Mr. and Mrs. Richards. Do you understand who I am?

A. I do.

Q. Okay. And -- and do you understand why we're here today?

A. Yes.

Q. Okay. This is not your first deposition, as I understand it.

A. It is not.

Q. Okay. And we are here because of a royalty dispute with EQT. Are you currently employed by EQT?

A. I am not.

Q. Okay. Who are you employed by?

A. I -- I am retired. I do --

Q. Congratulations.

A. Thank you. I do some consulting for me -- for EQT from time to time.

Q. And how many hours a month would you spend consulting with EQT?

A. It's episodic, but not very many.

Q. Do they pay you a per job or per hour --

A. Per hour.

Q. Now, can you briefly just tell me about your educational background?

A. Sure. I have a college degree from Duquesne University, a BS in business administration; I have a master's in business administration; and I have a law degree.

Q. Where did you go to law school?

A. Duquesne University.

Q. Do you practice law?

A. I do not.

Q. Okay.

A. I --

Q. Did you ever practice law?

A. I did not practice at all when I worked for EQT. I do do some pro bono work now.

Q. Okay. So you are licensed?

A. I am licensed in Pennsylvania.

Q. What kind of pro bono work do you do?

A. PFA work, protection from abuse orders.

Q. Domestic violence?

A. Domestic violence, yes.

Q. Good for you. You're going the Lord's work.

A. It's a chance to give back after retiring.

Q. Especially pro bono. Okay. Let me talk about your -- your employment history and -- and how long did you work for EQT?

A. Well, I started with EQT in 1977, and I worked until 2010.

Q. So from '77 to 2010?

A. Yes.

Q. Okay. When you started with EQT, what was your job position?

A. I was a staff auditor.

Q. What did you do as staff auditor with EQT?

A. I did internal audit work.

Q. Were you auditing payroll? Were you auditing expenses? What was your --

A. A lot of different functions. Any

function within the EQT family.

Q. Royalty payments, did you audit those?

A. I don't think I did any audit -- internal audit work in royalty payments, no.

Q. Then after you were -- how long were you staff auditor?

A. A year or two.

Q. Okay. So that takes us up to the '78, '79 range?

A. Yes.

Q. Okay. Then what you did do at EQT?

A. I was a staff accountant.

Q. What did you do as a staff accountant for EQT?

A. I did accounting, mostly financial reporting, mostly external financial reporting.

Q. Okay. What is --

A. But some management reporting.

Q. What is external financial reporting?

A. Well, EQT is a public company, and so it has an annual report requirement and quarterly filing requirements. It files a 10-K with the SEC.

Q. Right. So -- so you were in charge of

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the SEC filings?
A. Not when I was an -- a staff accountant, but I --
Q. Okay.
A. -- participated in that.
Q. Okay. So you participated in the --
A. Uh-huh.
Q. -- in the SEC filings?
A. And those preparations, yes.
Q. Okay. And then you said you did some management accounting; is that right? Or management --
A. Right. In addition to the external reporting, there -- there was a management package that was prepared every month.
Q. Okay. What was contained within that management package?
A. A variety of information and -- and statistics and financial information that the management used to monitor the performance of the Company.
Q. Was it basically a balance sheet showing --
A. There would have been a balance sheet,

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there would have been some income statements, there would have been some non-gap measures, a variety of different information.
Q. Okay. When you were a staff accountant, did you look at royalty payments for oil and gas owners?
A. I did not.
Q. Okay. And how long were you staff accountant for EQT?
A. Several years.
Q. When were you promoted from staff accountant?
A. I can't give you the exact date, but I was promoted to a supervisor and then to manager --
Q. Okay.
A. -- and --
Q. How long were you supervisor?
A. Several years. Each of these positions we're going to talk about I'm going to have been in for several years until we get to the controller, which I was from about 1995 until 2009.
Q. Okay. So you were supervisor, and that

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was in --
A. That's --
Q. Supervisor of what?
A. Supervisor of financial reporting.
Q. Okay. So basically were you just supervising the folks that you were working with --
A. Yes.
Q. -- previously? Okay.
A. Yes.
Q. And then as manager, you were --
A. Same thing.
Q. Same thing. You just went up a step in the same department?
A. Right.
Q. Okay. And do you know roughly what year it was that you were --
A. I -- I would have to refresh my recollection. Several years later. Each of these positions I would have been in for a few years and then moved on to the next position.
Q. All right. So after management -- after manager of financial reporting, where did you go?
A. Yeah. I was the director of accounting

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for the Company, and at that point, I would have had more responsibilities for other areas of accounting outside of external reporting.
Q. And would you have, at that time, been in charge of like the senior financial analyst or the staff accountants at EQT, those different individuals?
A. Well, some of them.
Q. Okay. So as director of accounting, all of those folks wouldn't fall under your umbrella?
A. No.
Q. Okay. Who would fall under your umbrella as people that you would oversee as the director of accounting?
A. Well, when I was director of accounting, I -- I was overseeing people that were at the EQT Corporate level, which would have been at external reporting, payroll, some property records, the tax function, those type of items.
Q. Okay. Was there another director of accounting that took care of other aspects of the accounting paperwork at EQT?
A. There probably was a controller at some of the various subsidiary levels.

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Q. Okay. Subsidiary levels, you're talking about the -- the different LLCs, wholly owned subsidiary companies of EQT?
A. Yes.
Q. Okay. But within the EQT -- EQT -- what is EQT Production Company now was probably Equitable at that time; is that right?
A. Right.
Q. Okay. So when you were the director of accounting at Equitable, would you have been over the folks who paid royalties for Equitable?
A. No.
Q. Okay. Who would have been over the folks who paid the royalties at Equitable at that time?
A. I don't really remember.
Q. Okay. But you --
A. That's a long time ago.
Q. Okay. All right. Go ahead. What was your next position then?
A. I was the controller at EQT, and as I said, at that point, that was 1995, and I remained the controller and vice -- and ultimately vice president and controller through 2009.
And with that, any responsibilities

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would have been for all accounting across all organizations.
Q. When you say "across all organizations," you're talking about EQT Gathering?
A. Yes.
Q. EQT Energy, LLC?
A. Yes.
Q. All these different subsidiary companies?
A. Yes.
Q. Did you retire in 2009?
A. I retired sometime in 2010. I stepped down as controller in late 2009.
Q. Okay. And what was your position with EQT after you stepped down as controller?
A. Vice president of finance.
Q. Okay. So when you're in charge of -- of all accounting over all the different subsidiary companies, would you get balance statements from all these companies?
A. I -- I would have seen those management reports, as I discussed earlier.
Q. Okay. Now, ultimately, if EQT Energy, LLC, is a subsidiary of EQT and EQT Energy, LLC, makes a profit, that means EQT gets that profit;

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am -- am I correct in that statement?
A. That's probably a little overly simplified, but yes.
Q. I'm a simple guy.
A. Okay.
Q. I'm willing to -- to let you elaborate on that if you want to, I mean, as far as I'm sure there's depreciation or a lot of different things that are taken into consideration.
But obviously, when you're talking about EQT Energy, LLC, there aren't other shareholders out there besides EQT, I think --
A. Not while I was at -- at EQT.
Q. Okay. Now, what other affiliated companies that you can recall did you oversee or would you have had information for?
A. Well, the main --
MR. HENDRICKSON: Because, I mean --
Q. In --
MR. HENDRICKSON: -- this --
Q. -- 2009.
MR. HENDRICKSON: Okay.
Q. 2009.
A. In 2009, basically the Company was

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operated as three performance areas and three segments, and that was the -- the production, the gathering, and -- and the distribution company.
And there was multiple companies that folded up into those management areas of operation.
Q. Okay. And -- and these companies all had different CEOs, or did it -- if there were corporations or --
A. Yes.
Q. Okay.
A. They had somebody in charge, yes.
Q. So a director or a president or somebody who was --
A. Somebody.
Q. -- operating the company?
A. Yes.
Q. Okay. And did they all report to the same vice president at EQT at some point? I mean, when you go up the -- the listed hierarchy or the --
A. Yes, I -- I believe they did.
Q. Okay. Do you know who they reported to?
A. My recollection is they reported to the

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CEO of the Company.
Q. Okay. And you say the CEO of the Company is EQT or Equitable?
A. EQT Corporation, yes.
Q. Okay. And what company did you actually retire from?
A. EQT Corporation.
Q. Does EQT Corporation still exist?
A. Yes.
Q. Okay. There -- there are a number of other companies. I think there's an EQM --
A. Uh-huh. Yes.
Q. Do you know who EQM is?
A. I'm -- I'm aware of them, yes.
Q. Okay. Did -- was EQM in existence at the time that you were with EQT in 2009?
A. It was not.
Q. Okay. At any point in -- in your career with EQT, did -- did you handle the distribution of royalties?
A. No. Personally, no.
Q. You, at some point, probably oversaw -- as the VP, oversaw people who -- who did the royalty distributions, though, right?

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A. Yes. I would have overseen people that oversaw people, yes.
Q. Okay. Fair enough. Fair enough. But I'm guessing day-to-day work, you probably never sat there and entered data for a royalty check to be issued?
A. Absolutely not.
Q. Congratulations. Are you familiar with oil and gas leases just in general?
A. In general, yes.
Q. Okay. Did you ever work in the land department at all?
A. I did not.
Q. Okay. Did you ever negotiate oil and gas leases?
A. I did not.
Q. You are familiar, however, with certain terms in leases, such as "royalty"?
A. Yes.
Q. Okay. It's my understanding that you did negotiate or -- or signed off on gas purchase contracts; is that right?
A. I would have -- I signed off on some, yes.

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Q. Okay. And who would that have been for, what company?
A. Either EQT Production or EQT Energy, one or the other.
Q. And what was your title at EQT Production?
A. Either assistant secretary or assistant treasurer. I don't really remember. We'd have to look at the documents.
Q. And with EQT Production?
A. Same.
Q. Did you hold any similar offices with any other EQT or equitable company?
A. I -- I was an officer in every company that was within the EQT Corporation.
Q. And when you were paid your salary, was your check issued by EQT, EQT Corporation?
A. EQT Corporation.
Q. Okay. So you would have been an officer of EQT Gathering?
A. Yes.
Q. You would have been -- was EQT Energy, LLC, in existence at the time that you worked for EQT?

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A. Yes.
Q. Okay. And you would have been an officer with EQT Energy, LLC?
A. Yes. It -- it might have had a different name at that point, but yes.
Q. And -- and a lot of these companies are -- affiliated companies are midstream companies; is that right?
A. Yes.
Q. And as midstream companies, they offer services to EQT after the well has been produced from the well site downstream; is that right?
A. Yes.
Q. And the -- the production side, actually getting the oil and gas out of the ground to the -- to the well pad to be distributed, is Production's job?
A. Yes.
Q. So would you have, in your job, negotiated any agreements on the production side with any of the production companies?
A. No.
Q. So you would not have worked with drilling contractors or safety personnel for

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drilling operations?
A. No.
Q. Your -- your sole job, then, I --
MR. WINDOM: Strike that.
Q. You would have been affiliated with the point of the meter coming out of the well and working downstream from that point?
A. I -- I don't quite understand the question.
Q. Yeah. It wasn't a very good one.
Let me ask it this way: Tell me where you would get involved with the sale or the purchase of natural gas from an EQT well.
A. I -- I would not have been involved in the operations of either of those sides.
Q. Okay. So where would EQT Energy, LLC, be involved with the -- either the sale or the purchase of natural gas from an EQT well?
A. EQT Production sell -- sells gas to EQT Energy at the wellhead.
Q. Okay. You say "at the wellhead." That's -- that's sort of a term of art. Can you explain to me what "at the wellhead" means?
A. Well, as it's brought -- at -- where it's

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brought out of the ground.
Q. Okay. On the lease?
A. Yes.
Q. Okay. And are there meters that you know of that are set close to those wells that measure the gas coming outside of the wells?
A. Yes.
Q. And I'm guessing since you were involved with EQT since 1977, you're familiar with the traditional vertical wells?
A. Yes.
Q. Okay. And were you involved with EQT at the time that they were drilling horizontal wells?
A. Yes.
Q. Now, when you're drilling a vertical well or a horizontal well, those -- on the same lease, those wells may sell gas at different points; is that right?
A. Yes.
Q. Okay. Is it -- is it common for EQT to sell gas directly to third parties, or does EQT usually sell it to an affiliate?
A. I'm sorry. Ask me that question again.
I --

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Q. Yeah. Does EQT normally sell its gas at the wellhead to an EQT-affiliated company, or do they sell it more often to independent third parties?
A. Well, if I understand your question correctly, EQT Production Company sells its production to EQT Energy at the wellhead, and then EQT Energy arranges for its transportation and ultimate sale.
Q. So is it safe to say, then, that EQT Energy, LLC, is the exclusive purchaser of gas from EQT Production wells?
A. I -- I think that's safe to say. There may be a small amount of gas that's not sold to EQT Energy, but I don't believe there is. If it is, it's a very immature -- immaterial amount.
Q. Okay. Now, when -- when gas is sold to EQT Energy, LLC, where does it go? And I'm talking just in general terms.
A. Well, E -- it's -- I think it varies depending on where the well is, where the wellhead is, but EQT Energy arranges through a company called EQT Gathering to have that moved to an interstate pipeline connection, and then it would

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vary depending on where the well is, where the gas would go.
It's typically -- ultimately ends up getting blended with other wells and moved to one or two or three different interstate pipelines.
Q. Okay. So if I understand the process, then, it -- the gas is produced by EQT Production?
A. Yes.
Q. It goes to EQT Energy, LLC, at the wellhead?
A. Yes.
Q. EQT Energy, LLC, moves it downstream to EQT Gathering?
A. No.
Q. Okay.
A. EQT Energy has -- has an agreement with EQT Gathering to move the gas on its behalf from EQT -- or from where it buys it from EQT Production to a liquid trading point, which is going to be some interstate pipeline.
Q. Okay. Liquid trading point, is that your --
A. Well, that -- yes. That's a term of typically where the gas goes into an interstate

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pipeline. Those are published prices and very transparent.

Q. Okay. Can you give me an example of one of those liquid trading points?

A. Well, TCO would be one, and TCO -- once the gas moves to TCO, then EQT Energy could arrange for its transportation anywhere in the country.

Q. And at this point, it's sort of like electricity. It's in the grid, it's in the pipeline, and the gas that gets transported down the pipeline, if you --

If you put in, let's say, a million cubic feet of gas and you're moving that gas, it gets blended with gas maybe from Antero or Chesapeake or one of the other companies. And then you can take out a million cubic feet of gas down the line.

A. That sounds right, although it gets blended with other wells even before it enters that interstate pipeline connection.

Q. So -- so you've got a million cubic feet of gas, but your gas isn't separated out in a separate compartment within the pipeline.

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It's just all blended together, and then you're allotted that amount of gas down the line to sell to whomever the end user might be or --

A. Right. I think that sounds right.

Q. And that's very simplified, I understand, but I'm going to have to simplify this for a Jury so --

A. Uh-huh. I understand.

Q. Now, EQT Gathering, then, does not actually purchase the gas. They are just paid a fee to transport the gas that EQT Energy, LLC, purchases from EQT Production?

A. Yes.

Q. And how is -- the rate that EQT Gathering is paid, how is that determined?

A. Annually, the gathering company prepares a budget proposal based on their costs and -- and the volumes expected.

And there's a budgeting process where each of the business units participate in that to determine what a fair contract rate will be for that next year, and then that rate is used for the next year.

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And -- and we're talking these are -- that's the way it's done for the more traditional, older vertical wells. The -- the Marcellus wells are higher pressure lines now, and actually those lines were built after I've left.

So I'm not the best to answer questions about those rates.

Q. About the particular rates, I understand, but you can, just in general, speak about the costs and -- and the way that these -- these calculations are made?

A. I -- I can.

Q. Okay.

A. I can. Like I say, that's the way the non-high pressure lines would have been. I never participated in the negotiations back and forth on the higher pressure lines. They're all much less than the lower pressure lines.

Q. When you say they're much less, what do you mean?

A. The -- the cost per dekatherm is less. They're much more -- they're newer, they're more efficient.

Q. Who would be the person, if you know, at

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EQT that would be able to give me the information regarding the -- the Marcellus side of that now?

A. I don't remember offhand.

Q. What office would they hold?

A. They're -- I believe it's somebody in the planning group that would have been the participant in the negotiation of those rates.

Q. And the planning group would have been EQT Production planning group, or would that be one of the affiliate companies?

A. I think it's one of the affiliate companies, somewhere in the midstream operation.

Q. Now, you say that -- that there's a rate that is based on an annual budget proposal?

A. Right.

Q. And that -- that rate is then spread out over a 12-month period?

A. Yes.

Q. What kind of costs are included in the budget proposal? What -- what costs do they take into consideration?

A. The gathering and compression operations.

Q. Anything else?

A. I don't think so.

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Q. Do you know what costs are considered in the gathering portion of the gathering and compression operation?

A. Well, in -- in general, I do. I -- not specifically. But the gathering is the pipelines that go from the wellhead typically to the interstate pipeline, and so those costs are the maintenance of those lines.

The compression is the -- particularly on these older wells, the -- the pressure coming out of the well is low, and so these enormous compressors are put in place to bring the gas not only from the wellhead to the interstate pipeline connection, but also to bring it up to a pressure that it can go into the interstate pipeline.

Q. Now, with regards to -- to the different fees and -- and charges, there's -- there are also labor costs that are included; is that right?

A. Sure. Those compressors are manned. The gathering lines are -- are maintained. The right-of-ways are cut and cleaned. There's oversight of those people. There's planning that's done. There's determinations of whether gas is being

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lost along the way and fixing those leases.

There's -- there's an awful lot of costs involved, especially on these older lower pressure lines to -- to keep the system running.

Q. And -- and those are all, I guess, considered planned operating costs that are in this budget?

A. Yes.

Q. That includes the salaries for field personnel?

A. Yes.

Q. You said repairs and maintenance to the pipeline itself?

A. Yes.

Q. Repairs -- and -- and I'm guessing a new line would take less repairs and maintenance than an old line?

A. Yes.

Q. So moving down the line time-wise in 15 -- 10, 15, 20 years when gathering does their budget, the costs for the maintenance and repairs of these new pipelines may increase?

A. Right.

Q. Okay. And that's -- that's why these are

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re-done on an annual basis, I'm guessing?

A. Well, right. And to -- for planning purposes, you know, there are a number of issues that are important to address, and if there's a lot of gas being produced in a field and there's constraints on the -- the take away available for that, there might be new lines built to make sure that the gas isn't curtailed.

If -- if a well only can go to one interstate pipeline and that pipeline goes down, or nobody has enough capacity reserved on that pipeline, then the gas isn't -- isn't sold.

And so the idea is to make the system redundant enough that gas can move in -- in any direction, and you know, that was one of the focuses of that gathering group in the planning processes, to make sure that as much gas as possible moved all the time.

Those gas in those old vertical wells is -- you know, those wells produce for over 50 years. As a matter of fact, some of them produce for over 100 years.

And so any gas not sold today, the net present value of that on the back end is -- is

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very small, and so it's important to get as much of that gas to market as possible.

Q. Well, if gas is selling for less than a dollar an Mcf, it wouldn't be real profitable, though.

A. Well, but all I'm saying to you is that some money today is better than -- if you calculate the net present value of money 50 years down the road, that's not going to be very much, and so --

Q. Well, let must ask you this --

A. You -- you don't want to lose money on producing the gas, but any money that you make is -- is going to be profit.

Q. Let me agree with you right there, that you do not want to lose money on producing gas.

But -- and -- and you left EQT. You probably don't know this, but I've had clients with negative royalties. Do you believe that that would be proper?

A. Well, it's possible, yes.

Q. I didn't -- I didn't say if it was possible. I said do you believe it's proper?

A. Well, I don't know what -- I mean, are

you trying --
MR. HENDRICKSON: Object to the form of the question. Go ahead and answer.
A. I -- I don't want to make a moral judgment on the -- the fact that a particular well is not making money today doesn't mean that it's most efficient to go back and shut it in.
You know, those are operational issues that's beyond my --
Q. Well, if -- let's say that you --
A. I can tell you this --
Q. Uh-huh.
A. -- the -- and typically in those older wells, the Company owns 7/8ths of the well and the royalty owner owns 1/8th of the well, and the Company doesn't -- is going to lose 7/8th on the same well that that owner is going to lose 1/8th. So in general, the Company is not interested in losing money.
Now, they will make an operational determination based on things that are beyond the -- just the mere financial realities of a particular sale: The actual costs to shut a well in, the cost of having the line down, operational

things that you'd have to discuss with somebody that -- that was in operations.
But it does happen, it does make sense, it's not immoral.
Q. Property taxes are also taken out or considered in the use?
A. I -- I don't remember. In some states they are and -- but usually they are.
Q. Workers --
A. I'd have to --
Q. -- premiums?
A. Yes. All the costs involved --
Q. Un -- unemployment?
A. Yeah. And I'm not sure how exactly there'd be unemployment, but I -- the cost of operating those -- those pipelines, those gathering lines, and those compressors, all of those costs to run an operation would be included.
Q. Okay. And then those prices or those fees or expenses would then be either deducted from the price that was paid to the oil and gas owner or taken out of their royalty in -- in the form of a deduction; is that right?
A. Right. Yes.

Q. Okay. Now, you mentioned that the royalty owner owns 1/8th of the well. That's not exactly accurate, though, right? I mean, they don't own the well?
A. No. They -- they -- I think the Company has always looked at it as a partnership between a royalty owner and a -- and the Company.
The Company, in most cases, is the operator of the well, and they -- and we say 1/8th and 7/8th. Every well is -- every lease is different. They can more, they can be less. But in general, the idea is that it's a partnership, and -- and both participate.
The Company, because it's the operator, holds some of the costs back that -- and doesn't charge them quite as much. So EQT Energy may charge an amount to EQT Production that is actually greater than the amount that they pass onto the royalty owner.
But in general, they're partners in the well and they both participate.
Q. Let me ask you this: Parties to a lease are known as a lessor and a lessee; is that right?
A. Yes.

Q. And the oil and gas owner is the lessor; is that your understanding?
A. Yes.
Q. And the oil and gas owner owns the oil and gas in the ground whether or not EQT is anywhere around --
A. Yes.
Q. -- correct?
A. Yes.
Q. Or Antero or Noble or any of the other companies.
A. Yes.
Q. And if that oil and gas owner wants to go out and drill the well, they can certainly do it, and they would have 8/8ths?
A. Yes.
Q. Because they would put the money into the ground to get the well out -- or to get the oil and gas out?
A. Yes.
Q. Okay. Now, most people -- not all people, but most people don't have the wherewithal to spend the money to go out and -- and drill a well on their farm; you would agree with that?

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A. Yes.
Q. And EQT is known in -- in these types of transactions typically as the lessee?
A. Uh-huh. Yes.
Q. And -- and they would own what is known as the working interest?
A. Yes.
Q. What is a working interest?
A. Well, the working interest is somebody that participates not only in the royalties after production, but the costs to drill the well.
Q. Okay. Now, you used the term that, as a lawyer, I -- I -- when I refer to royalties, that's what I am paid for my oil and gas in an oil and gas lease.
The -- the working interest owner doesn't actually get a royalty, though, do they? They get the -- the 7/8ths of the gross proceeds?
A. They get -- right. They get whatever the -- the lease is a negotiation between the lessee and the lessor. They get what they're contractually entitled to.
Q. And it may be -- with newer leases, it may be 20 and -- and 80 percent but --

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A. And there's other terms --
Q. Right.
A. -- that could or could not be in the -- in any specific lease.
Q. Right.
A. You'd have to look at each lease individually.
Q. But -- but certainly the -- the terms of the lease control the agreement between the lessor and the lessee?
A. Uh-huh. Yes.
Q. And the oil and gas owner, as the lessor in a 1/8th lease or a 12-and-a-1/2 percent lease, is entitled to the -- the 1/8th or 12-and-a-1/2 percent royalty?
A. Yes.
Q. And then EQT, as the lessee in that same lease, understanding that there are many variables and farm-out agreements and overriding royalties, but generally speaking, is entitled to 7/8ths?
A. Right.
Q. And EQT is entitled to that 7/8ths because EQT is the one that pays the money to put the hole in the ground to get the oil and gas out

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of the ground?
A. And it takes the risks.
Q. Absolutely. Because that oil and gas owner has absolutely no risk if EQT drills a dry hole?
A. Right.
Q. All they've done is signed their name to a piece of paper that's recorded in the courthouse?
A. Right.
Q. Okay. Now, EQT takes the risk, they contract or they own the rigs, they -- they drill the well, they produce the oil and gas with that working interest proceeds being 87-and-a-1/2 percent coming to them?
A. Right.
Q. Okay. And -- and that 87-and-a-1/2 percent would be the -- what's referred to as the net revenue interest; is that your understanding?
A. Yes, that sounds right.
Q. Okay. You seemed a little bit hesitant. Is there another term that you used to refer to that 87-and-a-1/2 percent?
A. That's as fine -- it's a fine term.

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Q. Okay. Now, what does -- what does net revenue interest mean or -- or if I say someone has a net revenue interest, what -- what do you equate that with, or what do you relate that to?
A. Well, I -- I'm not sure exactly what you're asking, but EQT -- as I said, the -- there -- if we look at the well as a pie, there -- there's a sliver that EQT doesn't own.
Q. Well, they own all the well, right? They just don't get all the proceeds?
A. Okay.
Q. Is that fair?
A. Well, I -- I guess that's right. They own -- they have drilled the well. I'm not really -- I guess that's a legal question as to who actually owns the well.
But they have the right to produce it, and they already have the right to 7/8ths of -- in general, 7/8th of the proceeds.
Q. Right. Now, I mean, the oil and gas owner doesn't have the right to go plug that well?
A. He does not.
Q. The oil and gas owner doesn't have the right to -- to move a tank on there and -- and

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start producing oil into his own tank necessarily?
A. No. But in -- in some leases, the -- the royalty owner has the right to take his gas or oil in kind. So --
Q. Right.
A. -- he does have the right to some production.
In fact, some have a farm -- what they call farm taps, where the lease has -- has an agreement that the owner of the property has the right to burn gas in their house or barn or whatever they have on the property.
Q. Yeah. I think we call that free gas in West Virginia. Is that --
A. Okay.
Q. -- your understanding as well?
A. Yeah. That sounds right.
Q. Okay. And -- and the oil and gas -- or the -- I'm going to say the oil and gas owner -- some people refer to the royalty owner. I don't like that term, but we can use that term as well.
But the -- the royalty owner doesn't have the right to go out and -- and shut in the well and -- and lay a line to some other

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purchaser, right?
A. He does not.
Q. Okay. That's all contractually to the -- the lessee. They're -- they're -- they are charged with being able to do that?
A. Yeah. Typically, the -- the deal is that you own that gas under the ground, and when you signed up with a company like EQT, you agreed that -- for taking the risk that they got the rights for a period of time or in -- in perpetuity, as long as that well is producing.
Q. Now, are you familiar with the oil and gas leases in this Case?
A. I am not.
Q. Okay. Have you seen them?
A. I have not.
Q. Okay. Are you familiar with the lease terms in oil and gas leases in general?
A. I think so, yes.
Q. Okay. I'm going to show you these oil and gas leases, and I'm just going to ask you a couple questions about the terms. If you don't know, that's fine, but -- but I'm going to at least mark them as exhibits to your deposition

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here today.
They've been stipulated to as being the -- the leases in this Case.
MR. HENDRICKSON: I mean, he can look at those, Scott, but I mean, he's not here to testify about what the leases say. They speak for themselves. He's not here to interpret them.
MR. WINDOM: That's fine.
THE DEPONENT: And in fact, no one in accounting gets to make the determination of the lease terms. That's done in the lease administration.
MR. HENDRICKSON: Yeah. I mean, that wouldn't have been his daily work. He wouldn't have ever done as part of his job.
MR. WINDOM: Okay. This'll be No. 1. This'll be marked as No. 2.
MR. HENDRICKSON: Yeah. Why don't you use the same ones?
MR. WINDOM: I've got -- I've got copies here, and that way he's got separate copies for -- because these are numbered differently than they're numbered on that one.
MR. HENDRICKSON: Okay. Okay.

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DEPOSITION EXHIBIT NO. 1
(Lease Agreement between Pearl Hutchinson and D.C. Hutchinson, Her Husband; Ruby Dotson and J.E. Richards was marked for identification purposes as Deposition Exhibit No. 1.)
DEPOSITION EXHIBIT NO. 2
(Lease Agreement between Pearl Hutchinson and D.C. Hutchinson, Her Husband; Archie C. Richards and Elsie M. Richards, His Wife, and J.E. Richards was marked for identification purposes as Deposition Exhibit No. 2.)
DEPOSITION EXHIBIT NO. 3
(Lease Agreement between A.H. Hodge and Ona Hodge, His Wife, and J.E. Richards was marked for identification purposes as Deposition Exhibit No. 3.)
BY MR. WINDOM:
Q. And Mr. Bergonzi, I'm going to hand you what has been marked for identification as your

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Deposition Exhibits 1, 2, and 3.
And I can tell you that counsel for EQT has stipulated that these are the leases that control the oil and gas wells for -- or the leases for which we are here for this Litigation today, all right?
A. Okay.
Q. And when you've had a chance to review those, let me know.
A. Well, what -- what am I reviewing for?
MR. HENDRICKSON: Yeah, why don't you ask him the question, and then --
MR. WINDOM: Okay.
MR. HENDRICKSON: -- let's see if he can answer it, I mean, rather than waste a lot of time having him read documents that he wouldn't have read ever in his career?
MR. WINDOM: Okay.
Q. Mr. Bergonzi, with regards to Exhibit No. 1, that is Lease Book 80, Page 445. Do you see the 445 in the upper-right-hand corner?
A. Yes, I do.
Q. Okay. The lessor and the lessee in this lease are -- are -- nowhere is EQT identified.

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Would you -- can we stipulate to that or agree --
A. Yeah.
Q. -- to that?
A. Yes, I --
Q. Okay.
A. -- I agree.
Q. Now, this lease was -- was in effect in December of 1951. Do you see that date in the upper sentence?
A. I do.
Q. Okay. The royalty here, if you look down in the middle of the first page, it says that the royalty will be 1/8th part of the oil.
A. 1/8th --
Q. I can tell you that that's right here, 1/8th part of the oil.
A. Yes.
Q. Okay. And then it also pays 1/8th of the market price of the gas from each and every well drilled.
A. Yes.
Q. And it says that it's marketed and sold off the premises and measured by a meter --
A. Yes.

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Q. -- do you agree to that? Now -- so this would be an 87-and-a-1/2 percent net revenue lease to the lessee; is that correct?
A. Okay. Yes.
Q. Okay. That the -- the 1/8th is equal to 12-and-a-1/2 percent, and that's the royalty that is paid to the oil and gas owner?
A. Yes.
Q. And then it also talks about -- about byproducts. In the next sentence down, it says 1/8th part of the market price of the gas and other byproducts so marketed and sold.
A. Okay.
Q. Do you see that?
A. Yes.
Q. Okay. And -- and in your experience, what are the types of byproducts that are marketed and sold from oil and gas leases?
MR. HENDRICKSON: Again, I'm going to object to the question. That's not what he's here for. He's not -- he's an accountant.
But go ahead. If you can answer, go ahead.
A. Ask the question again.

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Q. Sure. What kind of byproducts are marketed and sold from oil and gas leases, to -- to your knowledge and information?
A. Well, the -- in addition to -- to oil, sometimes gas is -- is -- got some heavier hydrocarbons in, and in some cases, those are just left in the stream.
In other cases, they're extracted from the stream and sold separately to make the gas eligible for interstate pipeline.
Q. So the -- the processing to remove those heavy hydrocarbons or other products, are those calculated -- those prices calculated into the gathering charge that is charged off to the -- the oil and gas owner?
A. Ask me that question again.
Q. Sure. The -- the process by which the heavy hydrocarbons are removed from the gas, that process -- I'm sure there are expenses with that process?
A. Yes.
Q. Are any of those expenses included in the gathering rate or in the calculation, the annual calculation for the gathering rate, which is then

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charged off in part to the oil and gas owner?
A. Typically, they are not.
Q. Okay. So who does the separation of the heavy hydrocarbons?
A. Well, normally my -- my recollection is that EQT Energy or EQT Gathering - I'm not really sure which - has a third party process the -- the gas and exact some of those heavier hydrocarbons and sell those separately.
Q. Okay. When you say heavy hydrocarbons, what are you talking about?
A. Well, natural gas -- what we think of as natural gas is methane --
Q. Uh-huh.
A. -- which -- and I certainly am not a chemist or scientist, but those have -- are a lighter hydrocarbon.
And there are other hydrocarbon streams in there that have more -- that are heavier and more liquid - ethane, butane, propane - and those can be extracted out and sold separately, sometimes for more, sometimes for less.
Q. And you know -- for instance, MarkWest,

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is that one of the companies that --
A. I think it is, yes.
Q. -- separates out?
A. Yes.
Q. But EQT itself does not -- or any of the affiliated don't have any processing plant to separate those liquids that you know of?
A. I don't think they have any in West Virginia, and they probably don't have any at all at this point.
Q. Now, let me ask you just a general question based on your accounting: What is a spot price?
A. Well, typically when we talk about spot price, we're talking about what the price at an interstate pipeline connection would be. Those are prices that are published and available.
I talked about liquid trading points, and these liquid trading points will always have a spot price where you can determine what a willing buyer and seller would pay for the gas.
Q. Okay. So it's a willing buyer, willing seller, third party arm's length transaction?
A. Right.

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Q. And you can choose to sell to that person or not choose to sell to that -- or that company?
A. Yes.
Q. And --
A. As you said, there's more gas than just EQT gas and your clients' gas at those spots.
Q. Right.
A. It's all sold on a dekatherm basis. One's the same as another one. Nobody really knows who got which molecule.
Q. So if -- if, for instance, Dominion is buying gas or -- or there's gas going into the TCO pipeline, you can choose, perhaps. If you're getting a better price with one company or another, you might be able to switch and go with the higher price?
A. You might, although for operational purposes, a lot of this gas ends up being maxed out into certain locations and has to go to other locations. There's -- I have no idea where this gas goes or where it -- what it mixes with.
But some places you can -- you can direct the gas, and other places you cannot.
Q. And there are opportunities for you to

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lock in prices; is that right? Or for EQT to lock in prices?
A. EQT Energy?
Q. Yes.
A. Yes.
Q. And they base that on the Nimex price?
A. They could base it on time of year, length of contract, willing buyer, willing seller.
Q. And -- and some companies, like Antero, hedge some of their -- their gas prices and lock those in, and -- and EQT is, I think, one of the companies that sort of hedges and locks some of their prices in; is that right?
A. Yes.
Q. Do you know what percentage EQT normally locks in?
A. I don't. And it's varied over the years, and EQT takes the risk for that.
Q. Sure. It's like buying stock. You can -- you can --
A. It can go up, it can go down, yes.
Q. Right. You may --
A. Uh-huh.
Q. You may lock the price in at 3, and if

gas goes to 5, you're losing $2.00?
A. Right.
Q. And if gas goes to 1, you're gaining $2.00?
A. Right.
Q. So when EQT locks in a price based on -- on Nimex --
A. Uh-huh.
Q. -- or any other index, do they then spread that price out amongst all the oil and gas owners, or do they attribute that locked-in price to certain wells in a certain field, or how does that work?
A. When they lock in a price -- well, let me step back a second. EQT Corporation takes any risk above what the published price is.
The production company sells that gas at -- at -- at the market price on the well, which is determined by taking the price at the -- at the interstate pipeline connection and reduced by the -- the cost to get it from the wellhead to the interstate pipeline connection.
So that's how the wellhead price -- market price is determined, and then E -- EQT

Energy pays EQT Production that amount, and EQT Production uses that to pay the royalty owners.
Q. So if EQT Energy locks in a price and the price goes up, they -- they pay EQT for the locked-in price?
A. Right.
Q. If the price goes down, they pay EQT for the locked-in price?
A. Right. The -- the production company and the royalty owner doesn't take the risk for the ups and downs.
Q. And they also don't get the benefit for the up?
A. Right.
Q. Now -- and the oil and gas owner, as the royalty owner, does not have any say in what price is being negotiated for that oil and gas, do they?
A. I think typically they do not. There may be contracts that -- that specify specifically. Each -- each contract is -- is different, but typically they do not.
Q. So if EQT Energy, LLC, locks in a price at just, for argument's sake, say $2.00 an Mcf --
A. Yes.

Q. -- they will pay EQT Production for $2.00 an Mcf gas?
A. They will pay EQT Production whatever that monthly price is, whether it's up or down from that locked-in price.
Q. So if they lock in a price at $2.00 and it goes to 3, they're paying EQT Production the 3?
A. Right.
Q. If -- if the price goes to 1, they're paying EQT Production for the 1?
A. Yes.
Q. Even though they're getting 2?
A. Right. Yes.
Q. And then let's say they lock in a price and the -- it goes --
MR. WINDOM: Strike that.
Q. If EQT Energy locks in a -- a price for gas and that price goes considerably higher, would EQT Energy, LLC, lose money? I mean, because --
A. Yes.
Q. -- because they're going to pay EQT Production a higher rate --
A. Yes.
Q. -- even though they're only going to get

$2.00 for the gas?
A. Yes.
Q. And is that information -- is the locked-in price versus the -- the actual price paid, is that on some sort of an accounting software somewhere? Where would I find that at EQT?
A. What EQT Energy actually sold it for?
Q. Yeah. I'm wondering: Does EQT Energy or EQT Production have a spreadsheet or a database or software that shows the locked-in price, the sale price, and the difference?
A. I don't think so. How -- how it works is EQT Production Company is paid off of spreadsheet and a wire transfer information that takes the price as determined in the gas purchase contract, which is typically an Inside FERC at that liquid trading point.
And it pays that times the -- the sold -- the gas sold into that pipeline. So that number never really shows up in the production company's calculation. It shows up in EQT Energy's calculation --
Q. Okay.

A. -- of what they pay for the gas versus what they sold it for.
Q. So if EQT Energy locks in a price at 5, gas goes to 2, EQT Energy, LLC, will get paid 5 but the royalty owner will be paid on the 2?
A. Right.
Q. Okay. This -- what is the difference between the spot price and the index price?
A. Well, the index price is going to be a price that -- and we'd have to -- I -- I don't recall exactly the technical term for this but -- or description of this.
But one -- once a month, the price is set and it's posted as the -- and published as the price for that month. The spot price can change on a day-to-day basis.
Q. And does EQT Energy, LLC, sell more of its gas based on an index or based on a spot price? Do you know?
A. I don't know.
Q. When you were working there, do you know?
A. I -- I probably did.
Q. Okay. Is -- who at EQT would be able to tell me that?

A. I -- I would guess somebody at EQT Energy can tell you how much is sold at spot and how much is sold at a fixed price and how many con -- I'm not sure who would be able to tell you how many financial contracts were in place.
Q. Okay.
A. That might be a different group.
Q. So gas that is sold at an index price, do you know what indexes they typically use?
A. It would be the index where that pipe -- where that gas is delivered. So if -- if it's TCO or -- or Tennessee or whoever, there's a posted price for those interstate pipelines. Whatever it is, it is.
So if 1/3 of the gas went to TCO and 1/3 went to somebody else, they would blend it out at those calculations.
Q. All right. Now, where is that price posted? You said it's posted.
A. Well, I -- we always saw it at Inside FERC. I -- I -- I'm sure that there's better places today than Inside FERC.
MR. WINDOM: And Steve, I think that's in the information you're going to provide

to me, right, that IFERC information? You said you're not going to --
MR. HENDRICKSON: We're going to provide to you the index price where this gas went.
MR. WINDOM: All right.
Q. Let me ask you this: The -- the -- is all the gas in West Virginia sold to one point or based on one index? Do you know?
A. It is not.
Q. Okay. So the -- the Richards' leases in Ritchie County, what index would they be based on?
A. I have no idea.
Q. Okay. Do you know if it would be more than one?
A. Probably, yes.
Q. It would probably be more than one?
A. I'm going to guess yes. Most -- most of the gases can go to more than one pipeline or does go to more -- more than one pipeline.
MR. WINDOM: Hold on for just a second. Let's go off the record.
THE VIDEOGRAPHER: The time is 3:12. We are now going off the record.

(A discussion was had off the record, after which the proceedings continued as follows:)
P R O C E E D I N G S
THE VIDEOGRAPHER: The time is 3:13. We are now back on the record.
BY MR. WINDOM:
Q. Okay. Now, I'd asked you about the spot price and the index price, and you had also indicated that there is a market price which is paid at the well.
A. Right.
Q. Okay. What is market price?
A. Well, we -- EQT calculates it by determining what the market price at the most transparent place is, and that's the liquid trading point less the cost to get it to that point.
So if you're, in fact, buying the gas at the wellhead and you're selling it at an interstate pipeline connection, you're not going to -- you're going to want to recoup those costs to get it to that pipeline.
And so that's the most transparent way for the Company to -- to calculate the -- the

market price at the wellhead.
Q. And looking at these leases, do you see the term "at the wellhead" anywhere in that royalty clause?
A. It says market price on said premises. It says market price of the gas from each and every well drilled on said premises.
Q. Uh-huh.
A. That's --
Q. But then the next part of that sentence says: The product from which is marketed and sold off the premises --
A. Uh-huh.
Q. -- and said gas to be measured by meter.
A. Right.
Q. But it -- nowhere in there does it say "at the wellhead." Am I --
A. I don't --
Q. -- am I right?
A. -- see the words "at the wellhead," yeah.
Q. Okay. Would you agree with me that gas purchase contracts are binding contracts?
A. Yes.
Q. Between the -- the parties that are

buying and selling the gas?
A. Yes.
Q. And you would also agree that a lease is a binding contract between a lessor and a lessee?
A. Yes.
Q. And you would agree that gas purchase contracts, like the kind that you entered into, would be even binding on successor companies if EQT were to be bought out by somebody else?
MR. HENDRICKSON: Yeah --
A. Probably.
MR. HENDRICKSON: -- I would object to that. I don't know if he knows that.
MR. WINDOM: Okay.
MR. HENDRICKSON: It's -- it's hard to say. Depends on what the language is.
Q. Okay. Would you agree that it is improper for a gas purchaser in a gas purchase contract to pay the seller a purchase price that is less than what the gas purchase agreement specifies?
MR. HENDRICKSON: Object to the form of the question. Go ahead and answer it if you can.

A. Ask me again.
Q. Sure. Would you agree that it is improper for a gas purchaser in a gas purchase contract to pay the seller of the gas a price which is less than what was contracted for?
MR. HENDRICKSON: Same objection.
A. I -- the word "improper," I -- I don't know. I guess there's -- I have no idea exactly what you mean by "improper" and what the terms of the agreement are, but I guess, in general, people follow the contracts.
EQT tries to follow the -- the language of -- of its contracts, whether it be leases or purchase --
Q. Well --
A. -- agreements.
Q. -- okay. And -- grab the gas purchase contract here. Hold on for a second.
DEPOSITION EXHIBIT NO. 4 (Confidential)
(Transaction Confirmation No. 07012012.0 was marked for identification purposes as Deposition Exhibit No. 4.)
MR. WINDOM: We'll mark this Exhibit

4, please.
MR. HENDRICKSON: Thank you.
Q. Okay. Mr. Bergonzi, I'm going to hand you what has been marked for identification as Exhibit 4 to your deposition.
Have -- have you had a chance to review that document?
A. I see it, yes. I --
Q. Have you ever seen it before?
A. I may have. This is signed after I left the Company. I probably have seen it in passing.
Q. Okay. Had you seen similar documents while you worked at EQT up until 2009?
A. Yes.
Q. Okay. And are these typical base contracts or -- or contracts between EQT Production and EQT Energy that you're aware of?
A. They look like it, yes.
Q. Okay. And as far as you know, would -- would this be the basis for the sale of natural gas from EQT Production to EQT Energy, LLC, during the time that -- that you were employed there?
A. Well, we --
MR. HENDRICKSON: Well, hold on.

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This --
MR. WINDOM: Okay.
MR. HENDRICKSON: -- this contract isn't. I mean, he wasn't -- this is from 2012. I mean --
MR. WINDOM: Right. I'm asking him if -- if these terms are -- are similar in -- in the type of contract which would have been in place at that time.
MR. HENDRICKSON: If -- if he knows. I mean --
MR. WINDOM: If he knows.
MR. HENDRICKSON: If you know.
A. Well, without actually comparing them, I see its applicable first of the month index price to the interstate pipeline into which the gas is delivered.
So you know, that's within what my recollection of how it was done.
Q. Okay. Now, I will submit to you that this has been delivered to me as the contract for the gas purchased in this Case, okay, by EQT.
A. From July 1st, 2012, on --
Q. Right. Yeah.

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A. Uh-huh.
Q. All right.
DEPOSITION EXHIBIT NO. 5 (Confidential)
(Base Contract for Sale and Purchase of Natural Gas was marked for identification purposes as Deposition Exhibit No. 5.)
MR. WINDOM: Now then, this'll be Exhibit 5, please.
MR. HENDRICKSON: Thank you.
Q. And Mr. Bergonzi, I'm going to hand you what has been marked for identification as Exhibit 5 to your deposition.
A. Okay.
Q. Have you reviewed that document?
A. Yes.
Q. Do you recognize that document?
A. Well, yes, I do.
Q. Okay. Is your signature on that one?
A. It is.
Q. And when is that one dated?
A. It is dated January 1st of 2005.
Q. Now, there is a handwritten note at the top of that that says Weston Equity; is that right?

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A. Okay. Yes.
Q. Is that your handwriting?
A. It is not.
Q. Okay. I will submit to you that that was provided in the documents that Weston Equity was on the document that was provided to me.
A. Okay.
Q. That's not my handwriting either so --
A. Yeah.
Q. Do -- do you know what Weston Equity might mean?
A. I have a good idea, yes.
Q. Okay. What -- what do you believe it to be?
A. Well, I think -- I think that -- I'm going to guess that's a sticky that was put on this. There were new agreements signed January 1st, 2005, for the different districts involved in West Virginia.
In addition to Weston, there was a -- and probably still is a Brenton and a -- and a Madison district. And the gathering pipelines, at one point, there was some discussion of separating

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pipelines, the gathering lines into equity pipelines and non-equity pipelines.
I'm not sure that that separation ever really exists today, but at least that was the thought at the beginning.
Q. Now, you had signed this document as the assistant treasurer; is that right?
A. Yes.
Q. Of which EQT company?
A. EQT Production Company.
Q. Okay. Now, that says Equitable Production Company. Was that the company that then has evolved into EQT Production?
A. I believe it is, yes.
Q. Okay. And then it has an Equitable Energy, LLC, as the other party to that contract?
A. Yes.
Q. Is that the same as what is now EQT Energy, LLC, to the best of your knowledge?
A. Yes.
Q. And who signed on behalf of Equitable Energy, LLC?
A. Phil Conti.
Q. Is Phil Conti someone you worked with?

A. Yes.
Q. And it says he is the assistant treasurer for Equitable Energy, LLC.
A. Yes.
Q. What would your position have been with Equitable Energy, LLC, in January 1st, 2005?
A. I -- I might have been an assistant treasurer, an assistant secretary.
Q. Okay. And would Philip Conti have been an assistant treasurer, an assistant secretary with Equitable Production Company as well?
A. Yes.
Q. Now, this is a base contract for the sale and purchase of natural gas. Is that what the document is?
A. Yes.
Q. And what is -- what is this document based upon? I mean, is -- is there -- is this the only part of the contract, or is there more out there?
A. Well, this is -- if you look at the very bottom of this agreement, it says NAESB Standard 6.3.1, April 19, 2002. This is a standard gas purchase contract as promulgated by this

National --
I can't -- I can't tell you exactly what the National Association stands for but -- or what the NAESB stands for at this point, but it's a standard setting organization.
Q. And the -- the NAESB -- the standard NAESB agreement would then be incorporated herein by reference?
A. Probably.
Q. Okay. Because it refers to special provisions to the NAESB base contract on Page 2.
A. Uh-huh.
Q. And -- and that base contract is the base contract for the purchase and sale of the natural gas?
A. Yes.
Q. And then these provisions would alter that base contract in some way?
A. Right.
Q. If you look at -- on Page -- it's EPC Page 3. It's Page 2 of the -- the exhibit, but it's Bates stamped down at the bottom --
A. Okay.
Q. -- EPC3. There's a Paragraph No. 5. Do

you see that?
A. Yes.
Q. And it says: In Section 14 add as a new section 14.12.
A. Yes.
Q. Can you tell me what was intended or -- or what you intended to be the basis for adding or the purpose for adding that Section 14.12 to the NAESB base contract?
A. I believe I can.
Q. Okay. What would -- what would that be?
A. EQT Corporation had a utility operation. Utility operation sold gas at the retail level. To maintain its status as an independent producer, the gas sold between these companies couldn't be sold to Equitable Gas and -- and sold to the retail customers.
It had to go out of the system, and that's the -- that's just an indication that -- that that was part of the terms of the agreement.
Q. Okay. So who was the -- the party that was considered the utility, was it EQT Production or EQT Energy?
A. Well, it -- this is EQT Corporation.

Q. Okay. Just the Corporation --
A. If --
Q. -- in general?
A. Right. They file a consolidated return. Everybody's a participant in that. The big value to this is -- is to the production Company and -- and the Corporation as a whole.
Q. So -- and public service commissioner, are they the ones that require this, or is it -- who -- I'm sorry. Who is the governmental entity that --
A. The -- the --
Q. -- requires this?
A. Nobody requires it.
Q. Okay.
A. It's just to fulfill the -- this internal revenue section to --
Q. Okay.
A. -- make sure that the Company stays in compliance with that.
Q. Okay. And what is the internal revenue code provision?
A. I --
Q. Do you have any idea about that?

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A. Basically -- and again, this -- I mean, I left the Company in 2010, but basically the concept is that the Corporation couldn't sell the gas it produced to the re -- at -- at the retail level.
So EQT Energy needed to sell the gas that was produced by EQT Production into the stream of commerce. It could not go to EQT or Equitable Gas Company.
And in fact, there were reasons -- other reasons for not wanting that gas to go to Equitable Gas because of related party concerns at the Public Utility Commission level.
Q. Okay. So -- so there were PSC -- we call it PSC in West Virginia.
A. Uh-huh.
Q. Public Service Commission. So there were PSC considerations in there as well?
A. Well, yeah. But this specific paragraph is just addressing this section of the code.
Q. Now, if you go to EPC Page 7 --
A. Yes.
Q. -- okay, there's an Attachment 1 that talks about the contract price.

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A. Okay.
Q. It says applicable first of the month index price, and is that the -- the price that you were saying that was published out there in various --
A. Yes.
Q. -- locations where you could find out who's buying gas at what price?
A. Yes.
Q. And then it says: Less prevailing gathering related charges. Do you see that?
A. Yes.
Q. And those are the gathering related charges that you told me about before with maintenance and -- and salaries and so forth?
A. Yes.
Q. Okay. And then it says retainage. What is retainage?
A. Well, typically retainage is when gas is delivered into an interstate pipeline.
Some of the pipelines say that, because gas is lost in the -- in the pipeline, that they will -- that if you put 100 Mcf -- or 100 dekatherms into that pipeline, you may only

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have 98 dekatherms to sell because the movement of that gas into the pipeline causes some retainage amount.
And so the amount that somebody can sell from the delivery into a pipeline isn't 100. It's 98 or some -- some number.
Q. Now, if you look at the next portion there, the last word is "seller."
A. Yes. I --
Q. And then it just ends.
A. Yes. I'm -- I'm not sure why that is.
Q. Okay.
A. I -- I don't know.
Q. You signed it but don't know why it was -- why it was like that? Is there --
A. No, I don't.
Q. -- is there part of it missing?
A. I don't -- I don't -- I don't know.
Q. Okay.
A. I -- I don't know.
MR. WINDOM: Let's go off the record. I need to use the restroom.
THE VIDEOGRAPHER: The time is 3:31. We are now going off the record.

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(A recess was taken, after which the proceedings continued as follows:)
P R O C E E D I N G S
THE VIDEOGRAPHER: The time is 3:38. We are now back on the record.
BY MR. WINDOM:
Q. Okay. Mr. Bergonzi, we're back on the record now, and I'd like for you to look at Exhibit 4. And I know that -- that that was executed after you left EQT, but there's a term in there I want to ask you about.
And if you look at the -- the contract prices on the first page there --
A. Yes.
Q. -- in the middle --
MR. HENDRICKSON: Excuse me.
Q. -- it says -- it talks about the gathering related charges and retainage. And then it says: Less any other agreed applicable fees or charges.
Do you remember in any agreements that you signed having similar language?
A. I -- I can't say. I -- I -- not specifically.

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Q. Okay. So you wouldn't know what those applicable -- other applicable fees or charges would even be, do you?
A. I mean, I -- no.
Q. Okay. I don't either so -- now, with regards to these -- these particular contracts, you would agree that -- that whatever that contract price is set forth in these agreements --
And the contract price is based at the gathering and so forth, but I think contract price is set forth on -- on the agreement that you signed on Page 7, EPC7. It's on Exhibit 5.
A. Yes.
Q. Okay. It's got that same other agreed applicable fees or charges --
A. Okay.
Q. -- there. And do you know what those applicable fees and charges would have been when you signed that agreement?
A. No.
Q. Okay. That's pretty ambiguous. I don't know if -- if there's a spreadsheet that would show what those fees and charges would be.
A. Well, again, there's a -- a payment

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schedule, a wire transfer worksheet that EQT prepares that it sends to the production Company that would have any and all calculations on it.
So it would -- they would show up on there.
Q. Who at EQT or EQT Production would have to agree to those applicable fees or charges?
A. At the production Company?
Q. Yeah.
A. I'm -- I'm not sure. I'm going to guess that would be at a fairly high level in the production Company.
Q. And based upon this contract, you would not expect that EQT Energy, LLC, would charge any fees other than -- than what are agreed to in this -- this contract price term on Page 7?
A. Yeah. This -- this contract that was signed on January 1st of -- for January 1st of 2005 was not intended to change the calculation of the proceeds that the production had gotten previously, so this -- this would have been a continuation of how the process was going prior to that.
And you ask who would approve that.

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I -- I'm going to guess that -- that at -- back at -- at some point in time, the head of those two business units would have agreed upon it, because basically their compensation would be based on the performance of their business unit, and so, you know, both would want to make sure they understood how the calculation worked.
And again, this contract, when it was signed in '05 - and I have no reason to think it was different in '12 - was not intended to change the process that was in place in December of 2004.
So it was already resolved at that point what those costs were.
Q. But there -- nevertheless, there is this term in there that says any other charges that we want to add --
A. Yes.
Q. -- to it --
A. Right.
Q. -- as -- as long as they're agreed upon?
A. Right.
Q. Okay.
MR. WINDOM: Where are we, 6?
THE COURT REPORTER: 6.

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DEPOSITION EXHIBIT NO. 6
(Remittance Statement, Owner No. 255953, Check No. 1772696, was marked for identification purposes as Deposition Exhibit No. 6.)
Q. This is the November 16 royalty statement. Okay. Mr. Bergonzi, I'm going to hand you what has been marked for identification as Exhibit 6 to your deposition here today.
A. Okay.
Q. And have you seen not that particular document, but -- but a similar document before in your tenure with EQT?
A. Yes.
Q. Okay. And -- and you recognize that as a remittent statement for a royalty check?
A. Yes.
Q. And if you look at Page 2, that is another remittent statement?
A. Yes.
Q. Okay. And I will submit to you that -- that the payees on those, Arnold K. Richards and Mary L. Richards on -- on Page 2 and then Arnold K. Richards on Page 1, are the plaintiffs in this

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Case.
A. Okay.
Q. Now, they have separate owner numbers, but I understand from Kristy Toia that they just sort of randomly assign owner numbers on leases based upon the division orders.
A. She'd know.
Q. Okay. Now, these -- these royalty statements are from the same month of production, November of 2016.
A. Okay.
Q. Would you agree with that?
A. Yes.
Q. And I will submit to you that -- that these leases -- and counsel for EQT has stipulated this. These leases control the --
A. These leases.
Q. -- the terms -- these leases.
A. Uh-huh.
Q. They -- they control the -- the terms for the horizontal wells, which are shown on Page 2 of that exhibit, and those leases are held by the -- the wells that are identified on Page 1.
A. Okay.

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Q. Okay. That -- that these leases, of course, are -- are more than 50 years old. Now, I have some questions, and maybe as -- as someone who was over top or over accountants at EQT, maybe you can answer these for me.
What does net price mean, which is in the third or fourth box over from of the left --
MR. HENDRICKSON: Again, I'm --
Q. -- on that remittent statement?
MR. HENDRICKSON: -- going to -- I'm sorry. Go ahead and finish. Finish your question. I apologize.
MR. WINDOM: I'm finished.
MR. HENDRICKSON: I'm going to object to the question. He stated earlier that he didn't deal with royalties or royalty statements. He can look at it. If he can answer it, fine. I don't think he probably knows.
A. Ask me the question again.
Q. Okay. This remittent statement, when -- when you worked at EQT in accounting --
A. Uh-huh.
Q. -- okay, you were familiar with the way that these are prepared --

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A. Yes.
Q. -- is that correct?
A. Yes.
Q. And you're familiar with the data that is included on this remittent statement, at least in -- in general form?
A. Yes.
Q. Okay. And you understand the production date, what that means?
A. Yes.
Q. And what does that mean?
A. That's the month that the gas was produced from a particular well.
Q. Okay. And production type, what does that mean?
A. Well, it -- it's gas. That's the -- apparently there's no oil in this well.
Q. Right. And if there was oil, then it would say oil or --
A. I believe so.
Q. Okay. And then interest type, what does -- or INT type. What does that mean?
A. Yeah. I think that stands for royalty interest in this Case.

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Q. Okay. And then if it was perhaps a non-participating royalty interest or an override, it would have a different code, to your knowledge?
A. Yes.
Q. Okay. And then "net price," what does that mean?
A. Yeah. I believe that's the price that -- that the -- that's calculated based on what the proceeds that the production Company got related to this well.
Q. Okay. So that net price would already have the deductions taken out of it --
MR. HENDRICKSON: Object --
Q. -- correct?
MR. HENDRICKSON: If you know.
A. No.
Q. Okay. That would be -- what does "net price" mean?
A. Well, I think some of the confusion on this ends up being that -- that the -- the reason that deducts show on here, even though we've discussed the fact that, again, this is all at the wellhead and there -- there are really no deductions from the production Company.

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The reason you see deducts in -- in some - and you don't see any on the first page, but you do see them on the second page - is those are the -- the deductions for gathering and compression or for taxes.

The net price is -- I believe is the -- the -- the revenues that are generated off of that calculation at the -- at the interstate pipeline connection -- connection.

But again, I think for a more precise answer on that and a much fresher recollection, Kristy would have been the person to ask that.

Q. Okay. So it's your belief, then, that -- that -- for instance, on the first page of that exhibit, the $1.31, which is the top well --

A. Yes.

Q. -- that would be the -- either the spot market price or the market price or the index price for the gas that was sold from these wells?

A. Yeah. Yes. That's -- I don't think that's exactly right, because when -- you have to take that price times the gas that's delivered into that pipeline.

And if they're -- if they're getting

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paid for less than the total volumes, that's not going to show up as the exact same number.

Q. Okay. When you say "if they're getting paid for less than the total volumes" --

A. Well, my recollection is -- and again, this would be a better question for Kristy, because I'd have to refresh my recollection exactly how this works.

But my vague recollection is that in a case like this - let's say we talked about 100 dekatherms being delivered to the pipeline - you can only sell some other number. Let's say 98 dekatherms.

So if you took the -- the -- to calculate the -- the amount that they're going to get, you're going to take the proceeds at the spot price, and then you're going to push that back to the wellhead volume, which is going to be a different number.

Q. Okay. So -- so the $1.31 price, which is listed here, is the net price?

A. Right.

Q. Okay. What does "net" mean? Explain to me, because I'm -- I'm concerned -- that doesn't

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say gross price. It says net price. What does "net" mean?

A. Yeah.

MR. HENDRICKSON: I'm going to object to the question. Go ahead and answer.

THE DEPONENT: Go ahead.

A. As I -- as I said, I think at this point, I'm a little hazy on this. I think it's a more appropriate question for Kristy.

But basically you're going to take the production from each well, and you're going to add all those productions together. And then you're going to take the proceeds of all the gas that's delivered to the pipeline, and you're going to take the spot price of that times what's sellable at that -- at that pipeline.

And then you're going to prorate it back to each individual well, and just because they produced a dekatherm at the wellhead, or an Mcf at the wellhead, doesn't mean that that's going to make it --

If I take all of the wells that are behind that delivery point to the interstate pipeline connection, I'm not going to be able to

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take all those numbers and add them up to the same number that got delivered into the pipeline, and then that's available to sell at the pipeline.

Q. Because there -- there's a loss factor.

A. There's loss, and so that number's being pushed back to their proportion share of the proceeds that were determined at the inter -- interstate pipeline connection.

So their -- that's a calculation of their portion of that number that was bought by EQT -- or sold by EQT Energy at that spot price.

Q. Okay. And does that also count for the volumes, then, if the volume would be decreased, because we got a gross volume and an owner volume?

A. Well, the gross volume, I think, is -- is the well's volume, and the owner -- or the royalty volume is their portion of that. So I think if you take the 1,832 and multiply it by .125, you'll get 229, although I can't do that in my head.

Q. Right. I understand. Neither can I.

So the -- the volumes, though, would be what was shown -- the -- the 229 there on the owner volume, that would be the volume that was sold at the liquid point, or would that be the

volume that was sold at the meter?
A. That's the volume at the wellhead.
Q. That's the volume at the wellhead?
A. Right. That -- that's, again, my recollection.
Q. Okay. Now then, these are -- are older wells, the vertical wells, and it was your testimony earlier, I believe, that the older wells sort of have --
And a price per Mcf deduction would be higher, because they're older lines and more maintenance and so forth; is that right?
A. Right. But I was talking about the -- the numbers that show up on this other remittance advice.
Q. Okay. But -- but --
A. Because I don't see them on -- on this first one.
Q. Right. There are -- you would agree that there are no deductions shown here?
A. Right.
Q. Okay. And they're from the same lease? The -- the same lease controls all these wells?
A. Okay. I -- I'm -- I don't know.

Q. Okay.
A. I don't know anything about this specific lease --
Q. Okay.
A. -- why one would have deductions and one doesn't.
Q. Does that seem odd?
A. It's -- I --
MR. HENDRICKSON: I'm going to object to that. I mean, he -- again, we told you before you took his deposition he -- he hasn't done any work to prep for this.
MR. WINDOM: That's fine.
MR. HENDRICKSON: We offer --
MR. WINDOM: If he doesn't know, he can say he doesn't know.
MR. HENDRICKSON: Well, let me finish my objection.
We offered to let him prep and look at the information before you took his deposition. I don't think it's fair to come in here and ask him a bunch of questions about stuff that he obviously hasn't looked at or reviewed --
MR. WINDOM: And --

MR. HENDRICKSON: -- prior to this, but go ahead.
MR. WINDOM: And my statement to you was: If he says he doesn't know, then he doesn't know and --
MR. HENDRICKSON: Okay.
BY MR. WINDOM:
Q. Okay.
A. It -- yeah. I -- I don't know.
Q. Okay. Would you expect all wells on a lease, if they say that they're market price, to be treated the same as -- in terms of how the gas is sold, how the -- it's measured, and then what the deductions are?
A. Well, absent some other agreement, I -- I would normally expect that. Again, this was -- a question like this would have been more appropriate to Kristy. She might be able to give some insight into why that would happen.
Somebody in land admin is -- is going to be the person that determines which wells get deductions and which don't, which owners get deductions and which don't. I'm assuming there's some kind of reason for that --

Q. Okay.
A. -- some agreement here somewhere for that.
Q. So in -- in the first page of Exhibit 6 here, if for the last 50 years there were no deductions taken from the oil and gas royalties and then all of a sudden there were, you would expect some writing from the oil and gas owner?
Or would you expect some sort of an agreement from the oil and gas owner to be in place to allow for that?
A. Well, somebody made a change or felt that there was something different going on there, but somebody needs to look at this file, whether that be somebody in -- excuse me, in Kristy's group, which is gas revenue, or over in land admin.
I'm assuming there's -- if this were researched, somebody would have an explanation for that.
Q. Okay. And you say someone needs to look at this file. Should there be a separate file for that particular either owner or lease in -- in your experience working at EQT?
A. There's information -- any document

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that's generated from -- for any lease or any well is going to show up in a -- in a file somewhere.
Q. Okay. Electronic file or paper file?
A. Well, all files are electronic now, although some of them are back -- still backed up by paper.
Q. But you would expect there to be a file for this -- these wells or these owners?
A. I would expect that somebody would have an explanation for that.
Q. Do you know the -- the software system which contains the files to which you reference?
A. DocuSphere.
Q. DocuSphere?
A. DocuSphere or Enertia. Enertia's the system that revenue accounting is generated through, and DocuSphere is a repository for all the paper documents.
Q. Okay. Does that include emails and things like that as well?
A. Yes.
Q. Would they be in DocuSphere?
A. Yes. They should be.
Q. Do you know what the -- the retention

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policy is for EQT with regards to Corporate emails?
A. I don't.
Q. Do you know if they're saved somewhere on -- on a server or if they are somehow preserved?
A. I believe they are. I -- I don't really know. Again, I -- I left in 2010, so what they've done since then -- some of it I've reviewed for different things that I've done for them, and other things I have not.
Q. Can we agree that it is improper for an oil and gas company as a lessee to pay the oil and gas owner as a lessor a royalty that is less than the lease specifies?
MR. HENDRICKSON: Object to the question. Go ahead and answer if you can.
A. Yeah, I -- I wouldn't say the -- the way you use the word "improper." The Company tries to follow the language of leases to the best of its ability.
Q. When you say they try to follow the -- the language of the leases, is there somebody that interprets these leases?
A. Somebody looks at them in land admin, and

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I think they get some guidance from the -- the legal group as to what is appropriate and makes --
Q. How often -- okay, I'm sorry. I didn't mean to interrupt.
A. Well, go ahead.
Q. How often do they review these files?
A. Well, I think that the files -- the leases are reviewed as they're entered. Some of these files -- and -- and as you pointed out, EQT is not the -- isn't a named party on any of these leases.
Some of these leases go back a way and were -- I'm going to guess all these leases came to EQT through the acquisition of Eastern States Oil and Gas Company, and EQT would have followed the process that was in place when -- when they were acquired, absent some reason to review them.
And -- and some are reviewed at random periodically. Others are reviewed because a landowner will call in and ask for it. Others are reviewed on a random basis.
I don't know that there's any -- to my knowledge, there's no prescribed period that a

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release be reviewed or every document be reviewed on a periodic basis. There are a lot of leases.
Q. I'm sure, and they're getting more and more everyday, right?
A. Well, in particular, again, if you look at a lease -- and I don't know this lease from Adam, but this -- this lease is, what, 60, 70 years old?
Typically in a circumstance like this, it gets passed onto the next generation, and two or three owners own that 1/8th and then two or three owners own that 1/8th. And so these files get pretty -- can -- can get pretty voluminous as to who the owners are and the ownership percentage is smaller and smaller.
So it's -- it can be difficult.
Q. In this Case, I think if you look at the -- the royalty statement, my clients actually own the entire 1/8th, though.
A. Yeah, it -- it looks like it.
Q. Okay. So the -- the gas that is sold is sold based on the thermal content; is that right?
A. Yes.
Q. And -- and I know that you don't have any

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working knowledge as to what the thermal content is on -- on these particular wells.
But my question is: When you look at the -- the price, which is on Exhibit 6, and it shows $1.31, $1.32, $1.33, that would be a -- a price which is based upon what?
Is it based on the thermal content, or is it based on volume?
A. Well, the original calculation's going to be based on the thermal content, because it's -- that's how EQT Energy pays it. I can't recall whether this number is actually a volumetric number or a dekatherm number. I -- I just don't remember off the top of my head.
But basically, either way, it's -- it's corrected for that.
Q. Okay. And it would be the same with Page 2 where the prices are a straight $1.34 down the page?
A. I believe so.
Q. Okay. And those -- those prices are two or three pennies apart from the price that was paid for the wells on the first page of that exhibit?

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A. Yes.
Q. Okay. And if these are horizontal wells on Page 2, which they show as H1, H2 through H6, we would believe that and the volumes to be horizontal wells, correct?
A. Okay.
Q. The -- the horizontal wells would not be sold through the same pipeline or through the same meters as the vertical wells; is that correct?
A. Right. Typically the Marcellus gas is -- goes into a separate high pressure pipeline and may actually be a different liquid trading point.
Q. And the price that is paid on -- on Page 2 has deductions -- owner deductions which are set forth -- the -- the total, I believe, on -- on that check, the owner deducts are $4,847.27; does that sound right?
A. Yes.
Q. Okay. But there were no deductions for that same time period at all on -- on Page 1?
A. Yeah. And again, the -- the fact that it's a Marcellus well versus a horizontal, I'm just not familiar enough with the -- with what kind of agreements may be in place for that.

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Q. Let me ask you this: In your experience, there's a lot of money in these -- these Marcellus wells?
A. Yes, there is.
Q. And when there's a lot of money versus when there's just a little bit of money on the ones on the front, I mean, relatively speaking, it is easier to recoup expenses from a royalty owner who's getting a large check?
MR. HENDRICKSON: I'll object to the question.
Q. You would agree?
A. I don't even -- and I don't quite understand what you're saying --
Q. Well --
A. -- there.
Q. -- if -- if an oil and gas owner is getting a small check and gets a portion of it taken out for expenses, they can sometimes raise Cain.
But when you're getting a $9,000 check and they take a little bit out, it's a little bit easier maybe for the oil and gas owner to swallow?

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MR. HENDRICKSON: Object to the question. You can answer if you can.
A. My experience in the time that I worked at EQT is that we didn't make a determination based on whether the -- the person would object or not. We would -- it was the Company's policy to follow what the lease language said.
Q. And that -- and that's the Company -- as you know, that would be the Company policy when you left in 2010?
A. Right.
Q. Okay. Do you know if that's still the Company policy today?
A. I suspect that it is.
Q. And it's important to follow what the lease says? I mean, right? It's a legal -- legally binding contract, correct?
A. Somebody's made a determination. I -- I can't say -- I'm not sure what you're asking me. The -- the Company --
Q. It -- let me put it this way: It's important to follow the terms of a legally binding contract. You would agree with that?
A. I would agree that the Company will

follow what it believes is the appropriate law in the matter.
Q. I'm sorry?
A. I said the Company would follow whatever the -- the appropriate legal position is on that.
Q. And who determines what the appropriate legal position is on that?
A. Well, I think the law department would -- would provide that.
Q. And that's the law department at EQT?
A. Yes. I -- I don't know what else you're asking me. That's --
Q. What I'm asking you is: For 50 years no deductions have ever been taken out of oil and gas royalties on Mr. -- Mr. Richards' lease.
A. I --
MR. HENDRICKSON: I object. We've gone over this time and time again. I mean, if you've got other questions, why don't -- can you get to them, please?
A. I don't know.
Q. Okay.
A. I don't know. I don't know anything about this specific lease. You're just trying to

make me speculate.
Q. I don't want you to speculate.
How does EQT -- when you worked for EQT, how do they determine whether or not it was proper to take severance taxes out of royalty payments?
A. Again, there would have been -- that would be determined by somebody in the land admin based on guidance from the legal department. I -- I think different states are different in what's appropriate.
And of course, the -- the language of a specific lease would -- would be determinate also.
Q. And if the lease were silent as to severance taxes, what was in -- in 2009 when you left EQT, what was the position with regards to whether or not it was proper to take those?
A. I don't recall offhand, and I think it would be different in each state and there would be guidelines that the land admin folks would have based -- for that.
And -- and I just don't remember offhand what they were.

Q. So if a lease said to take it, it's okay to take it? If it doesn't take it, then it depends on what the legal department says?
A. Right. The law for that state is.
Q. Did you all keep copies of the NAESB, or N-A-E-S-B, base contracts at EQT?
A. I'm -- I'm going to guess we did. I -- I don't have them.
Q. Okay.
A. I didn't have them.
Q. I'd asked for the contracts that -- that governed the sale of the oil and gas in this Case or the -- I'm sorry, the gas in this Case. What was provided to me were the -- the two contracts, Documents 4 and 5 that -- that you have in front of you, and I was never provided the -- the NAESB base contract.
Would you expect EQT to have copies of those in files somewhere?
A. Well, I -- I'm going to guess somebody in EQT Energy had those. These are contracts that not only EQT Energy and EQT Production entered into, but EQT entered into with other parties.
So I'm -- I -- I'm going to guess

that, at least at one point, they had the standard contract that supports this or somebody understood what the -- any supporting information was.
Q. Well, you were -- you signed Exhibit 5, correct?
A. I did.
Q. And that references the NAESB base contract?
A. Yeah. I think this actually is a form that is -- I think this is -- I think if you look at this, this page is NAESB Standard 6.3.1.
Q. Okay. And --
A. Now, I'm sure these folks have some additional information and literature that supports that, and I would -- North American Energy Standards Board, Inc. --
Q. Okay. Well, look at --
A. -- is --
Q. -- look at Page 3.
A. The numbered Page 3 --
Q. Yeah. Yeah.
A. -- which is --
Q. I'm sorry.
A. -- Page --

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Q. ESP3.
A. Okay.
Q. Or EPC3. When you look at the Paragraph No. 1, it says: In Section 2.17 insert "under Section 11.3." Can you show me where, Section 2.17, "under Section 11.3," that would be inserted in -- in this document?
A. No. Not on the pages that I have here.
Q. Okay. Well, these were the only pages that were provided to me, so there's obviously something else out there, correct?
A. Right.
Q. Okay. And it's the same with Paragraph No. 2 that says in Section 10.3. There -- there is no Section 10.3 in that document?
A. Right.
Q. And --
A. Well, Section 10.3 -- there's a 10.3.1 and a 10.3.2 here, but I -- I take your point.
Q. Do you remember actually signing off on the base contract itself, a separate document?
A. No.
Q. Okay. But you wouldn't have signed this document inserting paragraphs into another

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document without at least reviewing that other document, I'm presuming, right?
A. I might have, yes. And the reason I say that is because if you look at this other document, you'll see there's an attorney's signature on the --
Q. And you're on Exhibit 6?
A. Exhibit 4.
Q. I'm sorry, Exhibit 4?
A. Right. So basically I've already told you I would not have been the person that -- that negotiated this contract.
I -- I would have been an officer duly authorized to bind the Company for that, and I would not have -- I would not have studied the details in this standard contract.
Q. So -- so you're -- you're the officer binding a Company, and you're not going to read? You're -- you're just going to let somebody stick it under your nose --
A. I just --
Q. -- and say, "Here" --
A. -- told you that.
Q. -- "Here, sign this and bind the

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Company"?
A. Yes.
Q. Okay. Fair enough.
MR. WINDOM: I've got no further questions.
MR. HENDRICKSON: We want it again. We'll read.
THE VIDEOGRAPHER: The time is 4:12. We're now going off the record. This concludes the deposition.
(Having indicated he would like to read his deposition before filing, further this deponent saith not.)
---oOo---

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STATE OF WEST VIRGINIA,
COUNTY OF RITCHIE, to wit;

I, David A. Absher, a Notary Public within and for the County and State aforesaid, duly commissioned and qualified, do hereby certify that the foregoing deposition of JOHN BERGONZI was duly taken by me and before me at the time and place and for the purpose specified in the caption hereof, the said witness having been by me first duly sworn.

I do further certify that the said deposition was correctly taken by me in shorthand notes, and that the same were accurately written out in full and reduced to typewriting and that the witness did request to read his transcript.

I further certify that I am neither attorney or counsel for, nor related to or employed by, any of the parties to the action in which this deposition is taken, and further that I am not a relative or employee of any attorney or counsel employed by the parties or financially interested in the action and that the attached transcript meets the requirements set forth within article twenty-seven, chapter forty-seven of the West Virginia Code.

My commission expires April 9, 2024.

Given under my hand this 30th day of November, 2017.

David A. Absher

Official Seal
Notary Public, State Of West Virginia
David Absher
Realtime Reporters
536 7th Street
Huntington WV 25701
My commission expires April 9, 2024